

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 91-142-C - ORDER NO. 91-502 ✓
JUNE 10, 1991

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| IN RE: Application of Phoenix Network, Inc. for a Certificate of Public Convenience and Necessity. |)))) | ORDER GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY |
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This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed by Phoenix Network, Inc. (the Company or Phoenix) requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate interLATA resold telecommunications service in South Carolina. The Company is a non-facility based company which will provide its product by reselling capacity from underlying facilities based carriers. Phoenix seeks to provide 24-hour intrastate interLATA long distance telephone services, which includes equal access WATS service, dedicated access WATS service, and calling/credit card calls under the name Travel Card Service. Phoenix is not an Alternate Operator Service (AOS). The services are designed primarily to serve various residential and business telephone customers.

On March 15, 1991, the Commission's Executive Director instructed the Company to cause to be published a prepared Notice

of Filing once a week for two consecutive weeks in newspapers of general circulation in affected areas. The Notice of Filing indicated the nature of Phoenix's Application and advised all interested parties desiring to participate in the scheduled proceeding of the manner and time in which to file the appropriate pleadings. Phoenix furnished affidavits demonstrating that the Notice of Filing had been duly published in accordance with the instructions of the Executive Director.

A public hearing relative to the matters asserted in Phoenix's Application was held on May 29, 1991 at 11:00 a.m. in the Hearing Room of the Commission at 111 Doctor's Circle, Columbia, South Carolina, before the Commission with the Honorable Marjorie Amos-Frazier presiding. The Applicant appeared and was represented by B. C. Killough, Esquire and Thornton Kirby, Esquire; Carl F. McIntosh, Esquire, represented the Intervenor, South Carolina Department of Consumer Affairs; Fred A. Walters, Esquire, represented the Intervenor, Southern Bell Telephone and Telegraph Company; and F. David Butler, Esquire, represented the Commission Staff. Testimony was presented by Jeffrey L. Bailey for Phoenix Network, Inc. No other witnesses were called.

Based on the information contained in Phoenix's Application, revised at the time of the hearing, as well as the evidence of the whole record before the Commission, and a stipulation made between Phoenix and Southern Bell with regard to the handling of intraLATA calls attempted over Phoenix's network and Phoenix's handling of the monies generated by accidental completion of intraLATA calls,

the Commission makes the following findings of fact and conclusions of law:

1. Phoenix is a reseller of intrastate interexchange telecommunications services.
2. Phoenix is incorporated under the laws of the State of Delaware, but has received a Certificate from the Secretary of State to do business in South Carolina.
3. Phoenix has the financial resources to provide adequate telecommunications services to consumers in South Carolina.
4. Consistent with our intent to encourage greater competition in the interexchange market place as previously stated (See, Order No. 89-1015, issued October 23, 1989, in Docket No. 88-693-C), the approval of this Application will serve the public interest in that it will enhance competition.
5. The Company herein shows itself to be fit, willing, and able to provide such resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate interLATA resold telecommunications services.
6. The Company shall block or switch to the LEC all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket 86-187-C.
7. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously

adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporations, etc., Order No. 84-622, issued in Docket No. 84-10-C, on August 2, 1984. The Commission herein finds that the appropriate rate structure for Phoenix should include a maximum rate level for each tariff charge.

8. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of the S.C. Code Ann. §58-9-540 (Cum. Supp. 1990).

9. An end user should be able to access another interexchange carrier provider if they so desire.

10. The Company may only use such underlying facility-based carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its

carrier.

11. That Phoenix should be authorized to provide intrastate interLATA service through the resale of Wide Area Telecommunications Service (WATS), Message Telecommunication Service (MTS), Foreign Exchange Service (FX) and Private Line Service, or any other service authorized for resale and reflected as such in tariffs of facilities-based carriers certificated by this Commission.

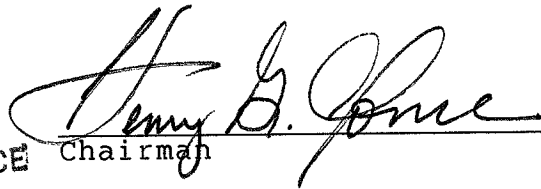
12. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

13. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports should be Attachment A, attached hereto and incorporated by reference herein.

14. That Phoenix should file tariffs in accordance with the findings herein within thirty (30) days of the date of this Order.

15. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


VICE Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT
AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE
INVESTMENT (SEE #3 ABOVE).

PIEDMONT NATURAL GAS COMPANY, INC.
SOUTH CAROLINA
PROVISION FOR UNCOLLECTIBLE ACCOUNTS ADJUSTMENT
DOCKET NO. 91-141-G
TWELVE MONTHS ENDED JANUARY 31, 1991

| Line No. | |
|-------------|---|
| 1 | Net accounts charged off for the test period |
| 2 | Revenues from sale and transportation of gas for the test period |
| 3 | Ratio of net accounts charged off to revenues for the test period |
| 4 | Pro forma revenues from sale and transportation of gas |
| 5 | Pro forma provision for uncollectible accounts (Line 3 times Line 4) |
| 6 | Less amount recorded in the test period |
| 7 | Adjustment |
| | ----- |
| | \$168,787 |
| | \$84,697,863 |
| | 0.1993% |
| | \$87,331,958 |
| | 174,053 |
| | 176,195 |
| | ----- |
| | (\$2,142) |
| | ===== |